

Information Request DTE 1-1

Request:

Please recompute Exh. SMM-3 (which is the July 1, 2005 regional index) using the following assumptions. Provide a copy of all supporting workpapers and calculations.

- (a) Assume that the July 2005 distribution rates for Consolidated Edison of New York ("Con Ed") are the same as those calculated for Con Ed in the July 2004 regional index.
- (b) Assume that the July 2005 distribution rates for Con Ed are calculated by increasing the distribution rates reported in the July 2004 regional index for Con Ed by the average regional index increase, without Con Ed in the regional index group.

Response:

Please see the attachments to this response for the requested information.

Attachment 1 reflects the result of recalculating the 2005 Regional Index using the July 1, 2004 distribution rates for Con Ed as the rates in effect on July 1, 2005. This results in a change in the 2005 Regional Index from 3.017¢ per kWh as reflected in Exhibit SMM-3 to 2.978¢ per kWh as shown in Attachment 1 to this response.

Attachment 2 reflects the result of recalculating the 2005 Regional Index by using rates for Con Ed that take its July 1, 2004 distribution rates and increases them by the overall increase in the Regional Index assuming Con Ed is excluded from all Regional Index calculations, or 3.53% as calculated in response to the Attorney General's Information Request AG-1-2. These Con Ed hypothetical distribution rates are reflected in Page 3 to Attachment 2. This results in a change in the 2005 Regional Index from 3.017¢ per kWh as reflected in Exhibit SMM-3 to 2.999¢ per kWh as shown in Attachment 2 to this response.

The Company notes that the Regional Index, as set forth in the Rate Plan and Merger Settlement approved in D.T.E. 99-47 ("Settlement"), assumes that overall conditions faced by the utilities in the region will be reflected in their rates thus enabling the Company to adjust its rates accordingly and similarly respond to the overall conditions facing others. The recalculations provided in this attachment, one using Con Ed's July 1, 2004 distribution rates in the 2005 Regional Index and the other assuming that Con Ed had a hypothetical distribution rate increase equal to the overall increase in the Regional Index assuming Con Ed is excluded from all Regional Index calculations, are contrary to the intent of the Regional Index, because they do not take into account the actual Con Ed 2005 rates. In fact, the first recalculation would unfairly penalize the Company by keeping Con Ed in the index with an assumed zero increase when in

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fact Con Ed had a significant rate increase. Using the actual Con Ed 2005 rates helps the Regional Index better mirror actual overall conditions in the region and is consistent with the Settlement.

Prepared by or under the supervision of: Scott M. McCabe

Massachusetts Electric Company
Nantucket Electric Company
d/b/a National Grid
Docket No. D.T.E. 06-5
Responses to Department's First Set of Information Requests

Attachment 1

Massachusetts Electric Company
Nantucket Electric Company
July 1, 2005 Regional Index with Consolidated Edison Flat Rates

Utility	State	Total 2003 MWh	% of Total MWh	DISTRIBUTION July 2005					Weighted Average
				Residential	Small C&I	Medium C&I	Large C&I	INDEX	
				R	G1	G2	G3		
Connecticut Light & Power Company	CT	24,116,876	7.5%	3.545	5.271	3.407	1.498	2.907	0.218
United Illuminating Company	CT	5,763,052	1.8%	4.933	5.151	3.299	1.775	3.512	0.063
Boston Edison Company (NSTAR)	MA	14,961,539	4.7%	4.917	5.549	4.066	2.867	4.071	0.189
Cambridge Electric Company (NSTAR)	MA	1,639,564	0.5%	3.580	2.545	2.047	1.111	2.318	0.012
Commonwealth Electric Company (NSTAR)	MA	4,173,545	1.3%	5.201	4.228	2.519	1.323	3.241	0.042
Fitchburg Gas & Electric Company (Unitil)	MA	515,669	0.2%	4.700	4.650	3.356	1.713	3.360	0.005
Western Massachusetts Electric Company (Northeast Utilities)	MA	4,023,433	1.3%	4.200	4.908	2.700	1.709	3.100	0.039
Bangor Hydro-Electric Company	ME	1,542,455	0.5%	5.420	4.688	2.658	2.341	3.777	0.018
Maine Public Service Company	ME	540,214	0.2%	4.747	4.153	2.262	1.639	3.146	0.005
Granite State Electric Company (National Grid)	NH	833,597	0.3%	4.317	3.826	1.741	1.221	2.717	0.007
New Hampshire Electric Cooperative Inc.	NH	690,095	0.2%	5.547	4.073	3.737	2.751	4.078	0.009
Unitil Energy Service, Inc.	NH	1,211,068	0.4%	3.021	3.561	2.091	1.366	2.306	0.009
Narragansett Electric Company (National Grid)	RI	7,964,092	2.5%	3.948	4.285	2.285	1.564	2.830	0.070
Atlantic City Electric Company (Connecticut Power Delivery)	NJ	9,642,644	3.0%	3.301	3.815	1.581	1.443	2.393	0.072
Jersey Central Power & Light Company (FirstEnergy)	NJ	20,859,480	6.5%	2.960	4.790	2.657	2.265	2.825	0.183
Public Service Electric & Gas Company	NJ	42,067,965	13.1%	3.564	3.516	2.428	1.516	2.613	0.342
Rockland Electric Company (Orange & Rockland)	NJ	1,563,289	0.5%	3.529	3.822	3.231	2.831	3.247	0.016
Consolidated Edison Company of New York	NY	43,362,087	13.5%	5.607	5.689	3.724	3.174	4.415	0.595
Duquesne Light Company	PA	13,363,091	4.2%	4.021	3.455	1.865	0.976	2.494	0.104
Metropolitan Edison Company (FirstEnergy)	PA	13,009,872	4.0%	4.072	4.495	2.423	1.376	2.845	0.115
PECO Energy	PA	36,841,017	11.5%	5.227	2.592	1.789	1.508	3.061	0.350
Pennsylvania Electric Company (FirstEnergy)	PA	13,400,384	4.2%	4.042	4.004	2.418	1.453	2.816	0.117
Pennsylvania Power Company (FirstEnergy)	PA	4,258,641	1.3%	3.706	2.069	0.861	0.682	1.986	0.026
Pennsylvania Power & Light Company	PA	35,417,470	11.0%	3.232	3.221	2.761	1.155	2.369	0.261
UGI Utilities, Inc.	PA	978,551	0.3%	3.920	4.614	3.474	1.790	3.108	0.009
West Penn Power Company (Allegheny Power)	PA	19,001,901	5.9%	2.620	1.880	1.656	0.849	1.734	0.102

Total MWh Included in Weighted Average

321,741,591 100.0%

Mass. Electric Customer Mix

37.90% 9.52% 14.34% 38.24% 100.00%

Weighted Average By kWh

2.978

General Notes

- 1) PF = 100% for rate calculations
- 2) Time of use splits are based on period definitions. (ie. if peak period=9am-9pm on weekdays, then peak split = 12/24 x 5/7)
- 3) In all cases, the tariff selected is based on Massachusetts Electric Company average customers.
- 4) In all cases, conservation charges not included.
- 5) Residential and Small C&I assumed to be single phase/non-demand metered. Medium & Large C&I assumed to be three phase service, demand metered.
- 6) Where Small C&I tariffs contained demand component, the Massachusetts Electric Company G1 average demand of 5.9 kW was used.
- 7) Hours use rates were calculated at average billing demand.

	Residential	Small C&I	Medium C&I	Large C&I
<u>2003 Average Usage</u>				
Billing Demand (kW)	0.0	5.9	50.9	554.7
Total kWh	671	1,328	16,627	228,957
Hrs. Use		225	327	413

NEW YORK					Distribution Rates				Bill Calculations							
Consolidated Edison of NY					SC-1	SC-2	SC-9	SC-9	SC-1		SC-2		SC-9		SC-9	
JULY 2005 (set at JULY 2004 rates)	RES	SM C&I	MED C&I	LG C&I												
Customer Charge:					\$10.28	\$12.74	\$0.00	\$0.00	\$10.28		\$12.74		\$0.00		\$0.00	
Summer (June through September)																
First kWh	250	900	15,000	15,000	\$0.041060	\$0.054700	\$0.010900	\$0.010900	250	\$10.27	900	\$49.23	15,000	\$163.50	15,000	\$163.50
Next kWh	0	1,100	0	0	\$0.048700	\$0.048700			0	\$0.00	428	\$20.84	0	\$0.00	0	\$0.00
Excess kWh					\$0.046390	\$0.022600	\$0.010900	\$0.010900	421	\$19.53	0	\$0.00	1,627	\$17.73	213,957	\$2,332.13
Winter (October through May)																
Total																
First kWh	250	900	15,000	15,000	\$0.041060	\$0.046500	\$0.010900	\$0.010900	250	\$10.27	900	\$41.85	15,000	\$163.50	15,000	\$163.50
Next kWh	0	1,100	0	0	\$0.000000	\$0.040500	\$0.000000	\$0.000000	0	\$0.00	428	\$17.33	0	\$0.00	0	\$0.00
Excess kWh					\$0.037630	\$0.013500	\$0.010900	\$0.010900	421	\$15.84	0	\$0.00	1,627	\$17.73	213,957	\$2,332.13
DEMAND																
Summer																
First kW			5	5			\$9.97	\$9.97			5.9	\$0.00	5.0	\$49.85	5.0	\$49.85
Next kW			895	895			\$9.97	\$9.97			0.0	\$0.00	45.9	\$457.62	549.7	\$5,480.51
Winter																
First kW			5	5			\$7.92	\$7.92			5.9	\$0.00	5.0	\$39.60	5.0	\$39.60
Next kW			895	895			\$7.92	\$7.92			0.0	\$0.00	45.9	\$363.53	549.7	\$4,353.62
TOTAL WINTER										\$36.39		\$71.92		\$584.36		\$6,888.85
TOTAL SUMMER										\$40.08		\$82.81		\$688.70		\$8,025.99
EFFECTIVE ANNUAL										\$37.62		\$75.55		\$619.14		\$7,267.90
EFFECTIVE RATE										5.607		5.689		3.724		3.174

Rate	Description	Availability
SC-1	Residential and Religious	Applicable to Use of Service for light, heat, and power, when supplied directly by the Company to any single-family dwelling or building or to any individual flat or apartment in a multiple-family dwelling or building or portion thereof occupied as the home, residence or sleeping place of the Customer or an employee of the Customer, or when supplied directly by the Company to any corporation or association organized and conducted in good faith for religious purposes, where such electric service is utilized exclusively in connection with such religious purposes, to a community residence, or to a post or hall owned or leased by a not-for-profit corporation that is a veterans' organization, subject to the Special Provisions hereof.
SC-2	General - Small	Applicable to Use of Service for light, heat, and power for general uses where the Customer's requirements do not exceed 10 kilowatts subject to the Common Provisions Applicable to Rate I and Rate II and the Special Provisions of this Service Classification.
SC-9	General - Large	Applicable to Use of Service for light, heat, and power where the Customer's initial requirements are expected to be in excess of 10 kilowatts subject to the Common Provisions Applicable to Rate I and Rate II and the Special Provisions of this Service Classification.
SC-9	General - Large	Applicable to Use of Service for light, heat, and power where the Customer's initial requirements are expected to be in excess of 10 kilowatts subject to the Common Provisions Applicable to Rate I and Rate II and the Special Provisions of this Service Classification.
Source:	Exhibit SMM-5	
Notes:	For Large C&I time of day under SC-9 not required because not >1,500kW Chose rates for Customers taking bundled service as this service is most comparable to those of the other utilities.	

Massachusetts Electric Company
Nantucket Electric Company
d/b/a National Grid
Docket No. D.T.E. 06-5
Responses to Department's First Set of Information Requests

Attachment 2

Massachusetts Electric Company
Nantucket Electric Company
July 1, 2005 Regional Index with Consolidated Edison Rates Increased by Average Regional Index Increase without Consolidated Edison

Utility	State	Total 2003 MWh	% of Total MWh	DISTRIBUTION July 2005					Weighted Average
				Residential	Small C&I	Medium C&I	Large C&I	INDEX	
				R	G1	G2	G3		
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Fitchburg Gas & Electric Company (Unitil)	MA	515,669	0.2%	4.700	4.650	3.356	1.713	3.360	0.005
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Public Service Electric & Gas Company	NJ	42,067,965	13.1%	3.564	3.516	2.428	1.516	2.613	0.342
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Consolidated Edison Company of New York	NY	43,362,087	13.5%	5.803	5.889	3.853	3.284	4.568	0.616
Duquesne Light Company	PA	13,363,091	4.2%	4.021	3.455	1.865	0.976	2.494	0.104
Metropolitan Edison Company (FirstEnergy)	PA	13,009,872	4.0%	4.072	4.495	2.423	1.376	2.845	0.115
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Total MWh Included in Weighted Average

321,741,591 100.0%

Mass. Electric Customer Mix

37.90% 9.52% 14.34% 38.24% 100.00%

Weighted Average By kWh

2.999

General Notes

- 1) PF = 100% for rate calculations
- 2) Time of use splits are based on period definitions. (ie. if peak period=9am-9pm on weekdays, then peak split = 12/24 x 5/7)
- 3) In all cases, the tariff selected is based on Massachusetts Electric Company average customers.
- 4) In all cases, conservation charges not included.
- 5) Residential and Small C&I assumed to be single phase/non-demand metered. Medium & Large C&I assumed to be three phase service, demand metered.
- 6) Where Small C&I tariffs contained demand component, the Massachusetts Electric Company G1 average demand of 5.9 kW was used.
- 7) Hours use rates were calculated at average billing demand.

	Residential	Small C&I	Medium C&I	Large C&I
<u>2003 Average Usage</u>				
Billing Demand (kW)	0.0	5.9	50.9	554.7
Total kWh	671	1,328	16,627	228,957
Hrs. Use		225	327	413

NEW YORK					Distribution Rates				Bill Calculations							
Consolidated Edison Company					SC-1	SC-2	SC-9	SC-9	SC-1		SC-2		SC-9		SC-9	
JULY 2005 (set as JULY 2004 inc by 3.53%)	RES	SM C&I	MED C&I	LG C&I												
Customer Charge:					\$10.64	\$13.18	\$0.00	\$0.00		\$10.64		\$13.18		\$0.00		\$0.00
Summer (June through September)																
First kWh	250	900	15,000	15,000	\$0.042500	\$0.056630	\$0.011280	\$0.011280	250	\$10.63	900	\$50.97	15,000	\$169.20	15,000	\$169.20
Next kWh	0	1,100	0	0	\$0.050410	\$0.050410			0	\$0.00	428	\$21.58	0	\$0.00	0	\$0.00
Excess kWh					\$0.048020	\$0.023390	\$0.011280	\$0.011280	421	\$20.22	0	\$0.00	1,627	\$18.35	213,957	\$2,413.43
Winter (October through May)																
Total																
First kWh	250	900	15,000	15,000	\$0.042500	\$0.048140	\$0.011280	\$0.011280	250	\$10.63	900	\$43.33	15,000	\$169.20	15,000	\$169.20
Next kWh	0	1,100	0	0	\$0.000000	\$0.041920	\$0.000000	\$0.000000	0	\$0.00	428	\$17.94	0	\$0.00	0	\$0.00
Excess kWh					\$0.038950	\$0.013970	\$0.011280	\$0.011280	421	\$16.40	0	\$0.00	1,627	\$18.35	213,957	\$2,413.43
DEMAND																
Summer	First kW		5	5			\$10.32	\$10.32			5.9	\$0.00	5.0	\$51.60	5.0	\$51.60
	Next kW		895	895			\$10.32	\$10.32			0.0	\$0.00	45.9	\$473.69	549.7	\$5,672.90
Winter	First kW		5	5			\$8.19	\$8.19			5.9	\$0.00	5.0	\$40.95	5.0	\$40.95
	Next kW		895	895			\$8.19	\$8.19			0.0	\$0.00	45.9	\$375.92	549.7	\$4,502.04
TOTAL WINTER										\$37.67		\$74.45		\$604.42		\$7,125.62
TOTAL SUMMER										\$41.49		\$85.73		\$712.84		\$8,307.13
EFFECTIVE ANNUAL										\$38.94		\$78.21		\$640.56		\$7,519.46
EFFECTIVE RATE										5.803		5.889		3.853		3.284

Rate	Description	Availability
SC-1	Residential and Religious	Applicable to Use of Service for light, heat, and power, when supplied directly by the Company to any single-family dwelling or building or to any individual flat or apartment in a multiple-family dwelling or building or portion thereof occupied as the home, residence or sleeping place of the Customer or an employee of the Customer, or when supplied directly by the Company to any corporation or association organized and conducted in good faith for religious purposes, where such electric service is utilized exclusively in connection with such religious purposes, to a community residence, or to a post or hall owned or leased by a not-for-profit corporation that is a veterans' organization, subject to the Special Provisions hereof.
SC-2	General - Small	Applicable to Use of Service for light, heat, and power for general uses where the Customer's requirements do not exceed 10 kilowatts subject to the Common Provisions Applicable to Rate I and Rate II and the Special Provisions of this Service Classification.
SC-9	General - Large	Applicable to Use of Service for light, heat, and power where the Customer's initial requirements are expected to be in excess of 10 kilowatts subject to the Common Provisions Applicable to Rate I and Rate II and the Special Provisions of this Service Classification.
SC-9	General - Large	Applicable to Use of Service for light, heat, and power where the Customer's initial requirements are expected to be in excess of 10 kilowatts subject to the Common Provisions Applicable to Rate I and Rate II and the Special Provisions of this Service Classification.
Source:	Exhibit SMM-5	
Notes:	For Large C&I time of day under SC-9 not required because not >1,500kW Chose rates for Customers taking bundled service as this service is most comparable to those of the other utilities.	

Calculation of Consolidated Edison Distribution Rates
Increased by Average Regional Index Increase without Consolidated Edison

		<u>Distribution Rates</u>	<u>Average Regional Index Increase without Consolidated Edison</u>	<u>Calculated Distribution Rates</u>
		(a)	(b)	(c)
SC-1 - Residential and Religious				
June - September	Customer Charge	\$10.28	3.53%	\$10.64
	First 250 kWh	4.106	3.53%	4.250
	Over 250 kWh	4.639	3.53%	4.802
October - May	First 250 kWh	4.106	3.53%	4.250
	Over 250 kWh	3.763	3.53%	3.895
SC-2 - General Small				
June - September	Customer Charge	\$12.74		\$13.18
	First 900 kWh	5.470	3.53%	5.663
	Next 1100 kWh	4.870	3.53%	5.041
	Excess kWh	2.260	3.53%	2.339
October - May	First 900 kWh	4.650	3.53%	4.814
	Next 1100 kWh	4.050	3.53%	4.192
	Excess kWh	1.350	3.53%	1.397
SC-9 - General Large				
June - September	All kWh	1.090	3.53%	1.128
	First 5 kW	\$9.97	3.53%	\$10.32
	Next 895 kW	\$9.97	3.53%	\$10.32
October - May	All kWh	1.090	3.53%	1.128
	First 5 kW	\$7.92	3.53%	\$8.19
	Next 895 kW	\$7.92	3.53%	\$8.19

(a) Distribution Rates Effective May 1, 2004 per tariff

(b) Response to Attorney General's Information Request AG-1-2

(c) Column (a) x (1+Column (b)), truncated after 2 or 3 decimal places, depending upon the rate

Information Request DTE 1-2

Request:

Please recompute Exh. SMM-1 without Con Ed in the regional index group. Fix MECo's regional index setting at 90 percent. Include a copy of all supporting workpapers and calculations.

Response:

In the attachment to this response, the Company has recalculated the rate adjustment reflected in Exhibit SMM-1 by removing the effects of Con Ed in Line (2) of Exhibit SMM-1, which changes the value to 2.756¢ per kWh from 3.017¢ per kWh and substituting the value of 90% on Line (1) of Exhibit SMM-1. The value of 2.756¢ per kWh was provided in the Company's response to the Attorney General's Information Request AG-1-1. The result of this recalculation is a change in the proposed adjustment to distribution rate from an increase of 4.05% to a decrease of 2.44%.

The Settlement stipulates that the Company's initial position as measured against the Regional Index be no greater than 90%, and the Company has shown that it has met this requirement. The application of the 90% cap is not applicable to future years. Attachment 8 of the Settlement also provides that any normalizing changes not affect the Company's relative position to the Regional Index. Therefore, the affects of any normalizing changes to the Regional Index would, in and of itself, make the 90% metric inapplicable for purposes associated with measuring year-to-year changes in the index, since adding or removing a utility after the initial measurement has been performed has the effect of altering the normalized percentage. Therefore, if Con Ed is to be removed as indicated in the above request, the applicable percentage would not be the 90% as contained in the request, but the actual percentage that is reflective of the Company's relative position as measured against the normalized 2004 Regional Index, or 95.5% (2.542¢ per kWh vs. 2.662¢ per kWh as calculated in the response to the Attorney General's Information Request AG-1-2), and limiting the Company to 90% of the normalized index thereby alters the Company's relative position to the Regional Index.

In addition, other than Con Ed, of the eighteen utilities that had distribution rate changes between July 1, 2004 and July 1, 2005, ten implemented rate increases and eight implemented rate decreases, leaving seven utilities with no change in rates. Therefore, with seventeen of twenty-five utilities (excluding Con Ed) either having no rate changes or increased rates, it is not reasonable for the Company to be subject to a decrease in its distribution rates. The Regional Index mechanism is intended to adjust the Company's distribution rates in the same direction as the overall change in the average distribution rate of the region, which the Company has shown to be an increase.

Prepared by or under the supervision of: Scott M. McCabe

Massachusetts Electric Company
Nantucket Electric Company
Calculation of Adjustment to Distribution Rates

	<u>Methodology</u>
(1) Massachusetts Electric's Percentage of the Regional Index Determined as of July 2004, Normalized for New Entrants into the Index	90.0%
(2) Regional Index as of July of the Year Prior to Filing, Excluding Con Ed, Applied to Massachusetts Electric's Average Customer Deliveries Fixed As of July 2004	\$0.02756 per kWh
(3) Massachusetts Electric's Index Distribution Rate as of July for the Subsequent Calendar Year (July 2005)	\$0.02480 per kWh
(4) Massachusetts Electric's Average Distribution Rate as of July of the Year Prior to the Filing, Applied to Massachusetts Electric's Average Customer Deliveries Fixed as of July 2004.	\$0.02542 per kWh
(5) \$/kWh Adjustment to Massachusetts Electric's Distribution Rate from Application of the Regional Index - Increase (Decrease)	(\$0.00062) per kWh
(6) Percentage of Adjustment to Massachusetts Electric's Distribution Rates from Application of Regional Index - Increase (Decrease)	-2.44%

- (1) Fixed at 90%
- (2) Response to Information Request AG-1-1
- (3) Line (1) x Line (2), truncated after five decimal places
- (4) Exhibit SMM-2, Page 1 of January 27, 2006 Annual Retail Rate Filing, DTE 06-5
- (5) Line (3) - Line (4)
- (6) Line (5) ÷ Line (4)

Information Request DTE 1-4

Request:

In Att. 8 of settlement approved in Massachusetts Electric Company/Eastern Edison Company, D.T.E. 99-47 (2000), there are seven utility companies from New York in the regional index group. In the instant filing, however, there is only one company from New York in the regional index group. What change or changes have occurred in New York to account for the decrease in New York utility representation in the regional index group? Describe in detail and with specificity and provide all calculations, workpapers, and assumptions.

Response:

Attachment 8 to the Settlement, which contains an illustrative calculation of the Regional Index, listed all investor-owned utilities in the region as defined in the Settlement, regardless of whether the utilities had similarly unbundled distribution rates at the time Attachment 8 was prepared. At the time, the Company only included data for two New York utilities in the illustrative calculation of the Regional Index: Con Ed and Central Hudson Gas and Electric Corporation. The other New York utilities did not have similarly unbundled distribution rates that would cause them to be included in the illustrative calculation.

In preparing the actual Regional Index calculations for July 1, 2004 (and subsequently July 1, 2005), the Company noted that Central Hudson Gas and Electric Corporation did not have similarly unbundled distribution rates that would cause it to be included in the calculation of the Regional Index and therefore excluded this utility from the calculations in Exhibit SMM-2 and Exhibit SMM-3. Other than Con Ed, as of July 1, 2004, no other New York utility had similarly unbundled distribution rates and these utilities continue to have rate structures that causes them to be excluded from the Regional Index.

Prepared by or under the supervision of: Scott M. McCabe